

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 SAS-02 SOE-02 AID-05 CEA-01
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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC PRIORITY 5717

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INFO AMCONSUL LENINGRAD

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USDOC FOR BEWT/TDAD (STECHSCHULTE)

E.O. 11652: N/A

TAGS: BEXP, UR, ENRG

SUBJECT: SAMOTLOR GAS LIFT NEGOTIATIONS DRAG ON

REF: MOSCOW 18012

1. INFORMATION FROM TWO INDEPENDENT U.S. BUSINESS SOURCES CLOSE TO SAMOTLOR TALKS GIVES CONFLICTING ASSESSMENTS OF STATUS OF NEGOTIATIONS. ONE SOURCE STATES THAT MITSUBISHI HAS NINETY PERCENT CHANCE OF WINNING GENERAL CONTRACT, THAT MINISTRY OF OIL HAS LONG DECIDED IN FAVOR OF MITSUBISHI, AND THAT SOVIETS ARE CONSIDERING TWO CONTRACTS, ONE WITH AN AUTOMATION PACKAGE AND ONE WITHOUT. THIS LAST POINT HAS RESULTED FROM RECENT USG DECISION ON COMPUTER SALE AND OIL EXPLORATION AND RECOVERY EQUIPMENT LICENSING REQUIREMENT. MITSUBISHI'S U.S. PARTNER WHO WOULD PROVIDE AUTOMATION EQUIPMENT (GEOTECH TELEDYNE) HAS

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PRESENTED ITS PROPOSAL AND RETURNED TO U.S. IN MEANTIME, FRENCH COMPETITOR TO MITSUBISHI (TECHNIP) HAS RETURNED TO MOSCOW WITH NEW AUTOMATION PACKAGE (REFTEL).

2. OTHER SOURCE SAYS TECHNIP HAS EQUAL CHANCE OF GAINING GENERAL CONTRACT, AND TALKS WILL CONTINUE

UNTIL AT LEAST OCTOBER. TECHNIP HAS OBTAINED NEW AUTOMATION PROPOSAL FROM CTF-THOMSON. PREVIOUSLY, TECHNIP LIKE MITSUBISHI WAS AVAILING ITSELF OF TELEDYNE'S PACKAGE. FRENCH HAVE APPARENTLY WHIPPED UP THIS NEW SCHEME IN AN ASTOUNDING TWO OR THREE WEEKS.

3. ACCORDING TO BRITISH COMMERCIAL COUNSELOR, MINISTRY OF OIL PREFERENCES TO DEAL WITH ONE CONTRACTOR FOR THE WHOLE PROJECT, WHEREAS MINISTRY OF FOREIGN TRADE WOULD PREFER TO SEE SEVERAL SEPARATE DEALS WHICH COULD SAVE USSR MONEY. SOME AMERICAN COMPANIES BELIEVE THAT THEY WILL BE ABLE TO SELL THEIR EQUIPMENT TO SOVIETS IN EITHER EVENT.

4. COMMENT: IN LIGHT OF SOVIET TECHNICIANS' STATED PREFERENCE FOR PACKAGE OFFERED BY MITSUBISHI, IF INDEED TECHNIP WINS CONTRACT, IT WILL INDICATE THAT PERHAPS FINANCIAL OR POLITICAL FACTORS HAD A HAND IN THE DECISION. NEW USG LICENSING REQUIREMENTS AND THE MORE RECENT JAPANESE/PRC PEACE AND FRIENDSHIP TREATY PROBABLY WILL HAVE AT LEAST A DELAYING EFFECT ON THE SOVIET DECISIONMAKING PROCESS. SOVIETS MIGHT CONSIDER IT INAPPROPRIATE TO ANNOUNCE A \$200 MILLION CONTRACT TO A JAPANESE FIRM ON THE HEELS OF TREATY THEY HAVE SO ROUNDLY DENOUNCED. TOON
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